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CENTRAL INTELLIGENCE AGENCY

REPORT

## INFORMATION REPORT

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Poland - UK

1. [ ] volume of sterling is available to Poland [ ]

All facts on Polish-UK trade are of public knowledge.

2. [ ] Poland having difficulty meeting commitments (agricultural) under  
the UK pact [ ]

Two years ago, Poland had a hard time meeting agricultural commitments  
due to a serious drought. At that time the Polish people resented  
domestic agricultural shortages due to attempts to satisfy commitments.

[ ] At present, Poland apparently is encountering no difficulties  
in meeting the commitments.

3.

Export Controls

4. [ ] the overall impact of export controls on Poland [ ]

Export controls have served to put Poland more and more in the hands of  
the Soviets, causing Poland to buy goods from the Soviets.

5.

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6. [ ] the ability and degree of willingness of the USSR to supply items not available because of controls [ ]

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[ ] the USSR is willing to provide Poland with short materials for political prices. [ ] the USSR can supply ball bearings or mining machinery which are of great importance to Polish industry. [ ] to what extent the USSR is able to supply those of Poland's import needs not satisfied in the West due to export controls.

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7. [ ] changes in plans [ ] resulted from controls [ ]

[ ] no change in economic plans except where they affect the coal industry, where mechanization has been slowed down considerably due to Western export controls.

8.

#### Trade Practices

9. [ ] the extent and method of coordination of Soviet orbit trade [ ]

Since the end of World War II, and especially since 1948, Poland has increased its trade with Czechoslovakia. Czechoslovakia has imported sizable amounts of Polish food products and exported machine tools and other industrial products to Poland. Otherwise, trade with the USSR and Satellite countries has remained pretty much on the prewar level. Although some Satellite countries would like to import Polish goods, they, in turn, have little to offer to Poland. Bulgaria, for example, in return for certain Polish products had only rose oil to offer in exchange.

10. [ ] the extent of purchasing for Poland by the USSR and other Satellite countries (particularly cotton) [ ]

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Although Poland has to buy a much larger percentage of her cotton from the USSR than before World War II (when most of her cotton was purchased in the US), such cotton imports are figured by USSR production. I might add that the quality of Soviet cotton being received in Poland at present is considerably higher than that received several years ago.

#### Foreign Exchange

11. [ ] the volume of foreign exchange available to Poland--trend and composition [ ]

After World War II, Poland had no foreign exchange available except for gold deposits in foreign banks. This gold was used up or committed by 1947. [ ] only gold and hard currencies, [ ] as foreign exchange worthy of the name. For example, Poland has not been very eager to build up a sterling fund.

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12. [ ] the sources of Polish foreign exchange, especially non-US sources of dollars [ ]

Poland obtained most of her dollars through exports of coal to northern and western European countries. Because of the lack of coal following World War II, Poland could insist on partial payment in US dollars. [ ] in particular, paid for a sizable portion of its coal imports in US dollars. [ ] likewise bought some coal from Poland and paid in dollars. Since those early postwar days, the supply of coal in Europe has become more plentiful and as a result, Poland has neither been able to insist on dollar payments nor has she netted a sizable portion of her national income in hard currencies from coal exports. [ ] Poland has been unable to build up any reserve fund in coal or hard currencies because of her import needs for which she had to pay in such currency. In this connection, the 20 million dollar coal loan from the USSR in 1946 or 47 should be mentioned. [ ] this was a short-term loan and has since been repaid, [ ]

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13. [ ] the extent of joint orbit use of exchange or pooling [ ]

[ ] any such program would be neither workable nor even sincerely desired from the Soviet point of view. In order to obtain maximum control over the various Satellites, the Soviet Government will probably institute a program of bi-lateral coordination between itself and each of the Satellites.

14. [ ] the locations of Polish foreign exchange--countries, cities, banks [ ]

Poland deposits balances in foreign currency in the economic capitals of all countries with which she maintains trade. Most of these balances are very modest. For example, Polish credits in [ ] banks do not exceed one to two million dollars at any given time. In Poland itself, foreign exchange is deposited with the Bank Handlowy and the Bank of Poland; these funds in hard currencies probably do not exceed five million dollars.

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15. [ ] methods of transferring funds other than normal banking channels are used. [ ]

This question has interested me for a considerable period of time. It appears obvious [ ] Poland does not limit herself to the overt transfer of funds through banks. [ ] diplomatic couriers occasionally carry some foreign exchange on their persons, [ ]

#### Trade Statistics

16. [ ] the best sources of statistics on Polish trade and finance [ ]

Up to two years ago the best publication of Polish trade and finance statistics was a publication known as Centralny Urzad Planowania. Reports were written in French, English and, of course, Polish and were of especially good quality. This publication has since been taken over by the PKGP under Hilary Minc. The PKGP [ ]

[ ] is the most important economic organization in Poland, where all top-level economic planning is carried out. Unfortunately, publications put out by the PKGP are not very accessible but should be, if acquired, of great value. The Bank Polski formerly put out extremely good statistical reports and financial statements. However, [ ] they have stopped issuing such statements. The Bank Handlowy and Ekonomista used to put out very good reports, but [ ] whether such reports are being continued. However, a Communist publication, Nowy Drog sometimes provides better statistical material than the unpolitical publications, because this party organ is not subject to such severe censorship measures.

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17. [ ] extent [ ] Polish statistics reliable [ ] 50X1-HUM

On the basis of considerable experience in such matters, [ ] economic statistics are always so computed as to serve a country's immediate political and economic needs, rather than to provide optimum insight into actual economic conditions. Even in [ ] countries statistics are used in this fashion. [ ] comments about the reliability of Polish statistics are therefore to be understood in relative rather than absolute terms. Until recent years Polish statistics were fairly reliable. During the last two years or so the regime has attempted to withhold statistical information from the public not so much by falsifying available data as by withholding them. A good rule of thumb in studying Polish statistics at the present time would be to distrust widely circulated statements. On the other hand, figures available to Minc personally are probably the most reliable, although even he has complained that his subordinates attempted to put sand in his eyes. One of those accused by Minc of falsifying statistics was Bobrowski, President of Centralny Urzad Planowania.

18. [ ] the volume of trade, especially intra-orbit trade [ ]

[ ] statements on trade with other Satellites are generally accurate. The same cannot be said of statistics concerning trade with the USSR, especially during the period of 1945-46. The USSR received sizable amounts of industrial equipment from the Western territories, i.e. the area previously incorporated in Germany, which are not listed in Polish-Soviet trade statistics. It is interesting that even well informed [ ] in high Polish Government positions have no reliable data on the amount of such trade. [ ] no unofficial trade between Poland and the USSR has been going on since 1946; in other words, official trade figures for the last three years should be accurate. It is only fair to add, however, that Polish public opinion assumes that to this very day the USSR has received Polish goods over and above those listed in official statistics.

19. [ ] emphasis is placed upon meeting intra-orbit commitments as compared with filling Western agreements which provide capital equipment [ ]

[ ] Up to the present, entirely different commodities have been involved in Polish trade with the East than with the West. For this reason, the problem of giving priority to intra-orbit trade versus trade with the West has not yet arisen and is completely theoretical. Naturally, one would assume that in an actual test case priority would be assigned to Satellite countries or at least the USSR.

20. [ ]

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